

INDUSTRIAL COMMITTEE OF AMMUNITION PRODUCERS (ICAP) YEAR 2001 REPORT

Industrial Committee Of Ammunition Producers (ICAP)

- Objective: Forum to discuss issues, policies, procedures, and initiatives in ammunition (since 1980)
- ICAP serves the CG of the OSC
- Ammunition industry segments represented, NDIA, and MIBTF
- Army representation includes Triad leaders, CG ARDEC, and DCS-AMMO

Major Issues Addressed in 2001 by ICAP

- Delinquent product deliveries
- Top 20 ammunition issues
- Ammunition industry – critical materials supply
- CP² program – purpose, status, benefits
- Ammunition readiness

Delinquent Product Deliveries Root Cause Analysis And Corrective Action

- AMC policy: Any contract more than 90 days delinquent should be considered for termination
- Quarterly metrics by command on delinquencies
- FY99 year end total - \$742 million
- FY00 year end total - \$428 million (28% of WIP)

Delinquent Product Deliveries

Root Cause Analysis And Corrective Action

- Root cause analysis (major factors)
 - ✓ Acquisition related delays (34%)
 - ✓ Production related delays (29%)
 - ✓ Engineering related delays (13%)
- Delinquencies by commodity
 - ✓ Medium caliber ammo (24%)
 - ✓ Bombs (15%)
 - ✓ Pyrotechnics (14%)
 - ✓ Artillery ammo (13%)
 - ✓ Tank ammo (8%)

Delinquent Product Deliveries

Root Cause Analysis And Corrective Action

- Army/industry teams working issues
- Mitigating actions underway
 - ✓ Long term contracts
 - ✓ Critical defect prevention
 - ✓ Program risk assessment
 - ✓ Program reviews – communication & focus
 - ✓ Process management
 - ✓ Automated systems initiatives
 - ✓ Quality assurance foundation
- FY01 year end total delinquencies - \$349 million (22% of WIP)

Top 20 Ammunition Issues – Focus On Operational Issues

- Initiated by MG McManus in 2001
- Relates production, base and stockpile issues to field needs
- Candidates nominated by OSC commodity teams
 - ✓ Training or readiness impact
 - ✓ Congressional interest
 - ✓ High dollar value/visibility

Top 20 Ammunition Issues – Focus On Operational Issues

- Typical top 20 ammunition issues
 - ✓ Training requirement increase
 - ✓ Funding shortfalls
 - ✓ Technical/production issues
 - ✓ Limited production base
 - ✓ Age of ammunition stockpile

Top 20 Ammunition Issues – Focus On Operational Issues

- Future actions
 - ✓ Share issues with ICAP/industry
 - ✓ Work issues through IPT/PMR structures
 - ✓ Incorporate many of the same product delinquency mitigating actions
 - ✓ Involve ICAP/industry in fixes wherever feasible

Ammunition Industry Critical Materials Supply

- Issue: As a result of industry rationalization, sources of supply for critical ammunition components are extremely limited creating program risk
- Major programs dependent on single sources of supply for critical items. Some sources are small and potentially unstable.

Ammunition Industry Critical Materials Supply

- Problem highlighted by cotton linters supply issue
 - key component of nitrocellulose needed for combustible case and propellant
- ICAP/Army teams completed an initial pass at identifying problem areas

Ammunition Industry Critical Materials Supply

- Potential supply program areas
 - ✓ Small & medium caliber link supply
 - ✓ Medium caliber cartridge case supply
 - ✓ Cloth propellant bags (fabric finish)
 - ✓ Tracer pellets – one U.S. source
 - ✓ Primer chemicals – gums, nitrates, etc.
 - ✓ Tungsten – 76% produced by China
 - ✓ Composition A-4 – one U.S. source
 - ✓ Insulation materials
 - ✓ Resins

Ammunition Industry Critical Materials Supply

- Ongoing action: Army/industry IPT's and program teams to identify further risk areas, plan for and qualify alternate sources

Contractor Performance Certification Program (CP²) – Purpose, Status And Benefits

- Issue: Given the worldwide move to ISO certification, should CP² continue and is it needed?
- CP² program purpose
 - ✓ Work with suppliers to improve quality
 - ✓ Recognize suppliers who improve
 - ✓ Leverage knowledge in award decision process

Contractor Performance Certification Program (CP²) – Purpose, Status And Benefits

- CP² program status
 - ✓ CP² is an ISO 9001 plus system
 - ✓ Participation totally voluntary
 - ✓ CP² is the only internal Army vehicle for contractor base quality assessment
 - ✓ Typical program results – lower scrap, improved yields, reduced cycle time

Contractor Performance Certification Program (CP²) – Purpose, Status And Benefits

- CP² program benefits
 - ✓ Continuous quality system improvement
 - ✓ Improved performance & productivity
 - ✓ Customer satisfaction/customer partnering
 - ✓ May qualify contractor for DCMA benefits
 - decreased audits
 - contractor self oversight
 - reduced notification requirements
- AMC supports the CP² program – exploring avenues for increased benefits to certified suppliers

Contractor Performance Certification Program (CP²) – Purpose, Status And Benefits

- OSC committed to partnering with supplier base through CP² as long as OSC and industry recognize a mutual need
- ICAP to support continuance of CP² and will work to improve benefits to industry and the Army

Ammunition Readiness – Operational Reality

- Ammunition readiness facts – stockpile issues, production base issues, and policy issues
- Stockpile issues
 - ✓ Unserviceable items
 - ✓ Shortfall of go-to-war munitions
 - ✓ Uneven asset distribution
 - ✓ Demil stocks at 467K tons and growing

Ammunition Readiness – Operational Reality

- Production base issues
 - ✓ Capacity down 68% last 10 years
 - ✓ Single sources for 25% of critical components
 - ✓ Surge capability virtually non-existent
 - ✓ No North American source for certain critical components

Ammunition Readiness – Operational Reality

- Policy issues
 - ✓ Policies shaped by affordability
 - ✓ Risk management driven by budget considerations
 - ✓ Limited modernization – little RDT&E for legacy systems munitions

Ammunition Readiness – Operational Reality

- Conclusion: Operational warfighting capability must shape ammunition management strategy
 - ✓ Requirements reviews must include CINC's
 - ✓ Modernization essential
 - ✓ Increased training pipeline necessary
 - ✓ Demil backlog must be addressed
 - ✓ Need balanced organic and commercial production base

Ammunition Readiness – Operational Reality

- ICAP, NDIA, and MIBTF must focus corporate, organizational and political power on assisting the Army in ammunition readiness improvement
- Future ICAP activities must address these issues and dedicate resources to corrective action implementation

Anticipated 2002 ICAP Initiatives And Focus

- Delinquent product deliveries – continue improvement
- Critical materials supply – risk mitigation
- CP² program improvement in benefits
- Ammunition readiness – industry assistance
- Industry participation in Army IPT's
- Industry participation in Army planning

Industry Sectors

- Demilitarization
 - William S. Roman
PB/Nammo Demil, LLC (212-465-5023)
- Fuzes
 - Eric L. Guerrazzi
KDI Precision Products, Inc. (513-943-2080)
- GOCO's
 - BG William R. Holmes, (USA Ret)
Day Zimmermann M&H (215-299-1567)

Industry Sectors

- Large Caliber
 - James J. Flaherty
Chamberlain Mfg. Corp. (570-340-1105)
- Medium Caliber
 - Mike McCann
Alliant Techsystems

Industry Sectors

- Propellants and Explosives
 - David Allott
BAE Systems (Holston)
- Pyrotechnics
 - John Broderick
Kilgore

Industry Sectors

- Systems
 - David Martin
Raytheon Missile Systems
- Warheads and Rockets
 - Linda P. Hudson
GDAS (802-657-6201)

ICAP Web Page

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